Supreme Court of the United States

October Term 1960

No.

BILLY ROSE, RAY HENDERSON, and MEL TORSHIN, as Executor of the Estate of Mort Dixon,

Petitioners

—v.—

BOURNE, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit, which affirmed a declaratory judgment of the United States District Court for the Southern District of New York, that respondent was the legal owner of the renewal copyright to the song THAT OLD GANG OF MINE written by petitioners.*

The Opinions Below

The opinion of the District Court is reported at 176 F. Supp. 605 (74a-85a).**

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*One of the composers, Mort Dixon, died subsequent to the institution of the action and his executor was substituted in his place. However, for convenience we will not distinguish the petitioners and will refer to them collectively as the songwriters.

**All references unless otherwise noted are to the Appendix.

The *per curiam* opinion of the Court of Appeals is reported at 279 F. 2d 79; a copy is annexed to this petition.

Jurisdiction

The judgment of affirmance of the Court of Appeals was entered on May 31, 1960. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

Questions Presented

1. Does a publisher become a legal owner of a renewal copyright secured by an author where the author, prior to the issuance of the original copyright, assigned to the publisher the right to secure a renewal of the copyright, without such publisher establishing as a matter of equity that the consideration was adequate under the circumstances prevailing when such renewal rights matured?

2. Is an agreement made by an author during the original copyright term to assign his renewal copyright self-executing so that the "assignee" becomes the legal owner of the renewal copyright when secured by the author, without obtaining from the author an assignment thereof or securing a decree of specific performance in equity?

3. Is an agreement for the assignment of a renewal copyright and all rights thereunder, which provides for compensation only on a use royalty basis for certain specified uses, but does not provide for the payment of any consideration with respect to other uses covered by the Copyright Act which were not in the contemplation of the parties when the agreement was made, a valid legal as-

signment to the assignee for adequate consideration of all rights and uses under the renewal copyright?

4. Did the District Court abuse its power and discretion in assessing against petitioners $7,500 by way of attorneys' fees pursuant to Section 116 of the Copyright Act expressly as a penalty?

Statutes Involved

Section 24 of the United States Copyright Act (17 U.S.C. 24), the pertinent portions of which read as follows:

> "The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That • • • the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *and provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication."

Section 116 of the Copyright Act (17 U.S.C. 116), which reads as follows:

> "In all actions, suits, or proceedings under this title, except when brought by or against the United States or any officer thereof, full costs shall be allowed, and the court may award to the prevailing party a reasonable attorney's fee as part of the costs."

Statement

The action, after several mutations during trial, was tried and decided as an action (counterclaim to no surviving complaint) on behalf of respondent, Bourne, Inc., for a declaratory judgment that it was the legal owner of the renewal copyright in the song THAT OLD GANG OF MINE.

On April 19, 1923 the songwriters entered into an agreement on a printed form prepared by respondent, Bourne, Inc., a publisher, which purported to sell to the publisher all rights to the song, including the right to secure copyrights and renewals of copyright. The publisher undertook no obligation except to pay to the songwriters collectively two cents for each printed pianoforte copy of the song sold and a sum equal to one-third of any royalties the publisher actually received from the use of the composition for mechanical reproduction, being piano rolls, record, disks, and other devices for mechanical reproduction. No provision was made for payment to the songwriters of any revenue from uses which were not then within the contemplation of the parties such as electrical transcription, motion pictures and television synchronization, and the like.

Shortly after the agreement was made, copyright was obtained on the song. During the entire life of the copyright the publisher paid the songwriters royalties of approximately $35,000 (75a), but 75% of this amount was earned during the first two years (56a).

The expiration date of the original copyright was April 23, 1951. In April of 1950, the three songwriters filed an application for the renewal of the copyright, and such application was registered (75a).

Thereafter the songwriters contended that they were the owners of the renewal copyright and the publisher contended that by virtue of the agreement made in 1923 it became the legal and beneficial owner of the copyright and the renewal copyright. Petitioners, as the registered owners of the renewal copyright, instituted an infringement action against the publisher as a means of resolving the controversy (3a-6a). The publisher responded to this complaint by asserting by way of counterclaim a request for a declaratory judgment adjudicating that it was the sole legal and beneficial owner of the renewal copyright or, alternatively, that the publisher was the beneficial owner of the renewal copyright and a direction that the songwriters should specifically perform their agreement by assigning the renewal copyright to the publisher (9a-12a).

The songwriters replied to this counterclaim asserting in substance that the agreement of April 1923 was inequitable because there had been a substantial change in the circumstances and in the conditions of the exploitation of musical compositions since 1923 and that therefore there was no adequate consideration to support their agreement with respect to the renewal copyright; and also that the

publisher had failed to perform the agreement with respect to the exploitation of the song and the payment of royalties (14a-16a).

On this state of the pleadings the trial commenced. In an apparent attempt to avoid a trial on the issue of the publisher's performance and the equitable considerations which might be involved in an action for a declaratory judgment or specific performance, the publisher withdrew its counterclaim (18a). The trial proceeded briefly on the songwriters' infringement complaint.

Shortly after the trial began the songwriters requested permission to discontinue the action and to suffer a voluntary dismissal of the complaint without prejudice and when that motion was denied they moved for a dismissal with prejudice (19a). The Court granted the application but dismissed the complaint *without* prejudice. The Court also granted the motion then made by the publisher to reinstate its counterclaim so that the case could proceed to an adjudication (20a).

The resumed trial then proceeded as though the publisher were the plaintiff in an action for a declaratory judgment or for specific performance. During the trial the publisher eliminated from its counterclaim the request for specific performance and its allegations of its own performance of the contract and sought only a declaration that it was the legal or beneficial owner of the renewal copyright (24a-25a).

Petitioners did not raise the question whether the Court had jurisdiction, in a non-diversity case no longer involving infringement of copyright, to determine the respective rights of the parties under their agreement. Nor was this point raised before the Court of Appeals.

On the conclusion of the trial the Court determined that the publisher was the legal owner of the renewal copyright and entered judgment accordingly (74a-85a).

When plaintiffs had suffered the dismissal of their complaint, the publisher sought to impose upon them counsel fees pursuant to Section 116 of Title 17 U.S.C. At that stage the Court declined to award any attorney's fee. It correctly held that the action was being continued solely for the benefit of the publisher (21a). Upon the conclusion of the trial the District Judge entertained a new application by the publisher to impose counsel fees on the songwriters (111a). He determined that he would not ordinarily, in a case involving copyright, impose counsel fees on the unsuccessful party, but that in the instant case he would allow a total of $7,500 as a penalty. Of this, $4,000 was imposed because petitioners by their contentions had compelled the publisher to prepare its proof on the question of its performance of the contract. This issue of performance the publisher itself later removed from the case (24a). The balance of the counsel fee allowance, $3,500, was imposed as a penalty against petitioners because their counsel had in effect sought to distinguish the instant case from the decision of this Court in *Fisher v. Witmark & Sons*, 318 U. S. 643 (112a).

Reasons for Granting the Writ

I

In *Fisher v. Witmark*, 318 U. S. 643, a divided Court held that an author could agree to convey his renewal in advance of the twenty-eighth year of the original term of the copy-

right. The dissenting Justices, Black, Douglas and Murphy, felt that the dissenting opinion of Judge Frank in the Court of Appeals in that case (125 F. 2d 954) demonstrated a definite Congressional purpose to reserve the renewal privilege for the personal benefit of the authors and their families. The majority of the Court reserved for judicial determination whether specific assignments would be denied enforcement if made under oppressive circumstances or where enforcement of the author's agreement would be unconscionable (318 U. S. 656-657).

With this express reservation there remained after *Fisher* v. *Witmark* a recognition that the courts would not deal with assignments of inchoate rights of renewal as they might with other alienable property rights. Cf. *Rossiter* v. *Vogel*, 134 F. 2d 908; 148 F. 2d 292.

The petition here does not seek any modification of the decision of this Court in *Fisher* v. *Witmark*. What is sought here is a review of the holding of the courts below that only the circumstances attended on the signing of the agreement in 1923 are relevant in determining the adequacy of the consideration for an assignment of the songwriters' inchoate renewal rights. The marked change of circumstances in the intervening years, primarily the development of valuable uses and means of reproduction of music, in which the songwriters cannot share, were excluded from the scale in measuring the adequacy of the consideration which the songwriters received (81a).

The Courts below did not give any weight to the fact that the "consideration" was not a lump sum monetary payment but rather a continuing obligation to pay royal-

ties; and not a single royalty on the gross receipts from all uses but varying royalties for those particular uses of the composition which were expressly described in the agreement. No royalties were provided for the uses which later came into being (motion picture and television synchronization, electrical reproductions, and the like) because these were unknown to the parties.* So actually the question is not one of adequacy of consideration but of complete absence of consideration to support an assignment for the renewal period of those uses and means of reproduction of music which developed after the signing of the contract in 1923.

The District Court recognized that if there was no consideration for the renewal copyright it would be compelled to hold against the publisher. The most it could have found on this record is that there was consideration to support an assignment of those uses under the renewal copyright for which specific royalty provisions were made in the initial contract. It could find no consideration whatever to support an assignment of those uses during the renewal term for which no royalty provisions were made.

The resolution of the first three questions presented by this petition is of paramount importance in the determination of valuable property rights to a large number of musical works not alone of the parties to this litigation but of the industry generally.

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* Where it was intended that the publisher would be relieved of royalty payments for certain uses, those were specifically defined and excepted [Par. 3(b) of the Contract—77a].

II

The power of the court to grant attorney's fees as part of the costs under Section 116 of the Copyright Act (17 U.S.C. 116) is limited to actions, suits or proceedings *under* the Copyright Act. The judgment in this case was in an action for declaratory judgment and was not in an action, suit or proceeding under the Copyright Act.

The lower courts have on occasion granted attorney's fees as costs in actions for declaratory judgments involving copyrights, but frequently injunctive relief was sought, and injunctive relief is expressly authorized under Section 112 of the Copyright Act. In the instant case only a declaration of rights under an agreement was sought and obtained by the publisher. The circumstance that the agreement related to a copyright has no bearing on the application of Section 116 of the Copyright Act.

There was, therefore, no power in the District Court to grant extraordinary costs in this case. Furthermore, they were imposed expressly as a penalty (112a-113a) and constituted an abuse of discretion, if not of power.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that the petition for a writ of certiorari should be granted.

Respectfully submitted,

MORRIS SHILENSKY
Counsel for Petitioners

APPENDIX

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 308—October Term, 1959.

(Argued March 29, 1960 Decided May 31, 1960.)

Docket No. 26015

BILLY ROSE, RAY HENDERSON and MEL TORMÉ, as Executor of the Estate of MORT DIXON,

Appellants,

—v.—

BOURNE, INC.,

Appellee.

Before:

WATERMAN and BARNES,* *Circuit Judges*, and SMITH, *District Judge*.

Plaintiff appeals from a judgment on a counterclaim entered in the United States District Court for the Southern District of New York, DIMOCK, *J.*, declaring defendant to be the legal owner of the renewed copyright upon the song "That Old Gang of Mine." The decision below is reported at 176 F. Supp. 605.

Affirmed.

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* Of the Ninth Circuit, sitting by designation.

Appendix

SCHULMAN & STERN (John Schulman, Martin Bressler, of counsel), New York City, *for Appellants.*

PHILLIPS, NIZER, BENJAMIN, KRIM & BALLON (Walter S. Beck, Simon Rose, and Albert F. Smith, of counsel), New York City, *for Appellee.*

PER CURIAM:

This case calls for an adjudication of the ownership of the right to renew the copyright upon the song, "That Old Gang of Mine." The song was written by Billy Rose, Mort Dixon and Ray Henderson.[1] Dixon died sometime subsequent to May 17, 1959, and the executor of his estate has joined the two surviving authors as the third plaintiff herein. On April 19, 1923 the three authors entered into an agreement with defendant's predecessor, Irving Berlin, Inc., for the publication of the song. The terms of the agreement with respect to the payment of royalties are set forth in Judge Dimock's opinion below, 176 F. Supp. 606, 608-609 (S.D.N.Y. 1959), and need not be here repeated. By this agreement the authors assigned to defendant's predecessor the musical composition "That Old Gang of Mine" along with certain specified rights in that song in

[1] The lyrics of the song were written by Rose and Dixon. The music was composed by Henderson. The statute, 17 U. S. C. §24, refers to all persons who create copyrightable works by the generic name "author." Throughout this opinion Rose, Dixon and Henderson are referred to as "authors" in accordance with this statutory language.

cluding " • • • all copyrights and the rights to secure copyrights and extensions and renewals of copyrights. • • • • "

The song was first registered with the Copyright Office on April 23, 1923 as an unpublished work. Under Section 24 of the Copyright Act, 17 U.S.C. 24, and Section 202.17(a) of the Rules of the Copyright Office, 37 C.F.R., application for renewal of a copyright upon a work originally registered in an unpublished form must occur within the twenty-eighth year of the copyright term. It is settled that prior to the renewal period an author's interest in the renewal rights is only an expectancy which can be defeated by his death prior to the commencement of the renewal period. *See Miller Music Corp. v. Daniels*, U. S. —, 80 S. Ct. 792 (April 18, 1960). However the author may assign this expectancy and the assignment is valid against the world if the author is alive at the commencement of the renewal period. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U. S. 643 (1943); *Miller Music Corp. v. Daniels*, *supra* at p. —, 80 S. Ct. 792, 794. In this case the renewal period began on April 24, 1950, and since all three authors were alive on that date, the case falls within the rule of *Fred Fisher Music Co. v. M. Witmark & Sons*, *supra*.

The *Fisher* case indicated that an author might challenge the validity of his assignment of his expectancy in the renewal rights if the consideration for the assignment was inadequate. Judge Dimock held that the 1923 assignment was supported by adequate consideration and we adopt his excellent analysis of the question as applied to the facts of this case. 176 F. Supp. 605, 611-12. See also *Gamm v.*

Jerry Vogel Music Co., 158 F. 2d 516 (2 Cir. 1946); *Marks Music Corp.* v. *Harris Music Pub. Co.*, 255 F. 2d 518, 521-22 (2 Cir. 1958), *cert. denied*, 358 U. S. 831.

It is clear that unlike the 1910 agreement in *Rossiter* v. *Vogel*, 134 F. 2d 908 (2 Cir. 1943), the 1923 assignment before us conveyed renewal rights, and this court has repeatedly held that a power of attorney to apply for renewal rights will be implied from the fact of the assignment. See *Rossiter* v. *Vogel*, *supra* at p. 911. Therefore we affirm Judge Dimock's conclusion that appellee, having made a timely filing for renewal, is the present legal owner of the renewal copyright.

Appellants also object to Judge Dimock's award to appellee of $7,500 in attorney's fees. The reasons for this award are to be found in the opinion below, 176 F. Supp. 605, 612. Under 17 U.S.C. §116 the district court may award the prevailing party a reasonable attorney's fee as part of the costs. There is no abuse of discretion here.

Affirmed.

Appendix

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the thirty-first day of May, one thousand nine hundred and sixty.

Present:

HON. STERRY R. WATERMAN,
HON. STANLEY N. BARNES,
Circuit Judges.
HON. J. JOSEPH SMITH,
District Judge.

BILLY ROSE, RAY HENDERSON, and MEL TORSHIN, as Executor of the Estate of Mort Dixon,

Plaintiffs-Appellants,

—v.—

BOURNE, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is affirmed.

A. DANIEL FUSARO,
Clerk